

Pari-mutuel Wagering Tax

Pari-mutuel wagering tax is imposed for race meets other than those conducted on Nebraska State Fairground Property. Wagers placed at live meets, simulcast events, by telewagering, and by telephonic wagering are subject to tax. The tax applies to every corporation or association licensed to conduct horseracing within the state.

The tax rate is a two-tier system. The first \$10,000,000 of wagers are exempt. For wager amounts over \$10,000,000 and less than or equal to \$73,000,000, the tax rate is 2.5 percent. For amounts in excess of \$73,000,000 the tax rate is 4 percent. A tax credit is allowed for capital improvements and maintenance of the premises within the race track enclosure. The credit claimed cannot exceed \$1,400,000 and is equal to 2 percent of the first \$70,000,000 of taxable wagers. An additional tax of one-half percent is imposed on wagers placed by telephone. The one-half percent tax on wagers placed by telephone is deposited in the Racing Commission's Cash Fund. All other revenue is deposited in the General Fund.

Table 6

1997 Pari-mutuel Report

Organization	Amount Wagered				Amount Taxable	Tax Due	Tax Credit	Tax Paid
	Live Race Meets	Nebraska Simulcast	Out-of-State Simulcast	Total				
Hall County Improvement Assn.	\$6,097,417	\$814,002	\$14,400,277	\$21,311,696	\$0	\$1,256,143	\$1,194,573	\$56,558
Douglas Racing Corporation *	0	2,230,073	15,248,657	17,478,730	0	419,817	365,245	\$37,393
Nebraska H.B.P.A. Inc.	0	1,271,830	21,762,537	23,034,367	0	3,052,997	2,937,826	\$115,170
Atokad Agriculture Racing Society	187,177	587,609	3,652,630	4,427,416	0	0	0	\$0
Platte County Agricultural Society	1,296,718	803,537	3,340,998	5,441,253	0	0	0	\$0
Nebraska State Board of Agriculture	1,714,528	1,595,686	13,124,387	16,434,601	0	0	0	\$0
Total	\$9,295,840	\$7,302,737	\$71,529,486	\$88,128,063	\$0	\$4,728,957	\$4,497,644	\$209,121

* Douglas Racing Corporation figures are for January 1 thru June 1, 1997.

Facilities leased to Nebraska H.B.P.A. Inc. from June 2, 1997 to December 31, 1997.

Chronology of Pari-mutuel Tax Rates

Effective Date	Tax Rate At State Fairground Races	Tax Rate At Other Race Meets	Tax Exempt Amount Wagered
May 15, 1959	2%	2%	\$1,000,000
April 19, 1963	3%	3%	1,000,000
February 17, 1965	4%	4%	1,000,000
March 1, 1973	5%	5%	1,000,000
March 24, 1982	5%	5%	¹
July 10, 1984	3%	5%	¹
June 7, 1985	4%	5%	7,000,000
March 29, 1986 ²	4%	4-5%	7,000,000
July 1, 1987 ³	0%	2% & 5%	10,000,000
January 1, 1981 ⁴	0%	2.5% & 4%	10,000,000
April 15, 1992 ⁵	0%	2.5% & 4%	10,000,000
September 9, 1993 ⁶	0%	2.5% & 4%	10,000,000

¹ The tax exempt amount wagered is \$5,000,000 at meets where races are not held more than three days per week and \$1,000,000 at all other meets.

² The tax rate for race meets other than State Fairgrounds is based on the daily average pari-mutuel handle compared to 1985. If it is less than 95% of 1985, the rate is 4%, if it is greater than 95% of 1985 but less than 100%, the rate is 4.5%, and if it is greater than 100%, the rate is 5%.

³ Any amount wagered over \$10,000,000 but less than or equal to \$100,000,000 is taxed at the rate of 2%. Any amount over \$100,000,000 is taxed at the rate of 5%.

⁴ Any amount wagered over \$10,000,000 but less than or equal to \$80,000,000 is taxed at the rate of 2.5%. Any amount over \$80,000,000 is taxed at the rate of 4%.

⁵ An additional tax of one-half percent is imposed on wagers placed by telephone.

⁶ Any amount wagered over \$10,000,000 but less than or equal to \$73,000,000 is taxed at the rate of 2.5%. Any amount over \$73,000,000 is taxed at the rate of 4%.